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PEACE WITH JAPAN

by Kiyoshi K. Kawakami

No one need be surprised that the cabinet of the Social Democratic Premier Tetsu Katayama has proved short-lived. The surprise is that it lasted as long as it did -- from May, 1947, to February, 1948.

Who will organize the next cabinet is a question of little importance because, like the preceding four cabinets under the Occupation, it will be a rubber-stamp for SCAP (Supreme Command of the Allied Powers). This, to the Japanese mind, means the United States; more particularly General MacArthur.

Under these circumstances of shadow power no self-respecting Japanese of high caliber and recognized ability would willingly assume the Premiership. The reason a few of this type have served is largely because they felt it advisable to be "ins" rather than "outs". In office they may conserve their political influence and also acquire new administrative experiences under the post-war conditions, thus preparing themselves for the day when Japanese will be free to formulate and execute their own policies. Also, there is the urge of patriotism -- to do what is possible under the Occupation system.

This system dulls the sense of responsibility, smothers initiative, lessens efficiency, breeds a feeling of frustration on the part of those to whom it gives nominal authority. General MacArthur, sagacious and statesmanlike, is among the first to recognize this.

Nine months ago, on May 17, 1947, MacArthur publicly stated that: "It would be advisable for the world to initiate at this time peace talks with Japan." He said that the military phase of occupation had then been completed and that the political phase was "approaching completion". And he added: "Japan is still economically blockaded by the Allied Powers. Economic warfare along these lines still is as bitter as when the guns were firing. And now strangulation is worse because we have returned millions of repatriates from abroad."

When on August 15, 1947, Japan was allowed to open trade with the outside world on a very restricted scale, General MacArthur said

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that this measure was good as far as it went but that Japan's economic recovery really depended upon restoration of peace.

The months go by, and peace with Japan is still to be concluded.

II

Under the Occupation, all Japanese cabinets are bound to be short-lived because none can accomplish that for which the public clamors.

What the people want above all else can be expressed in two words -- economic recovery. They expect the Government to take adequate measures to roll inflated prices back to normal and thus bridge the yawning abyss between earnings and living cost. To the average Japanese nothing else matters. The talk about democracy and freedom, so assiduously pumped into his ears, is meaningless and will remain meaningless until and unless this problem of daily living can be solved.

The Government is no less anxious to solve it or at least make honest attempt at solution. But it cannot tackle the job in earnest for at least three important reasons:

First, unless the reparations are settled through a peace treaty such industrialists as remain cannot know whether their plants will be dismantled and taken from them, and are therefore reluctant to make the expenditure of money and effort necessary for efficient use.

Second, American economic policy, incorporated into the Japanese "Law for the Elimination of Excessive Concentration of Economic Power", is calculated to pulverize Japanese economic and business enterprises into the smallest possible units, and thus retard Japan's recovery even after a peace treaty is concluded.

Third, Japan's foreign trade, upon the resumption of which the existence of the Japanese people depends, is at a minimum at present and can be expanded only after the restoration of peace. As General MacArthur himself says, Japan's foreign trade can only be rebuilt "by taking it out of the hands of SCAP and the Japanese Government and putting it in the hands of private traders", both Japanese and foreign.

III

The Japanese law against "excessive concentration of economic power" was "steam-rollered" through the Diet at midnight on December 9, 1947. Senator William F. Knowland of California, in his notable speech in the Senate on January 19, explained that this law is based upon the Far Eastern Commission Document No. 230, which defines "excessive concentration of economic powers" as follows:

> "Any private enterprise or combination operated for profit is an excessive concentration of economic power if its asset value is very large; or if, though somewhat smaller in assets or working force, it is engaged in business in various unrelated fields, or if it controls substantial financial

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institutions and/or substantial industrial or commercial ones; or if it controls a substantial number of other corporate enterprise; or if it produces, sells, or distributes a large proportion of the total supply of the products of a major industry . . ."

Senator Knowland does not criticize the dissolution of the Zaibatsu, or big holding companies. But he is opposed to permanent dislocation of the Japanese economy, which he foresees in the application of the above New Dealish concept.

According to FEC-230 the shares of dissolved business enterprises are to be sold "as rapidly as possible to desirable purchasers", "even if it requires that holdings be disposed of at a fraction of their real value". And the "desirable purchasers" are "such persons as small or medium entrepreneurs and investors" and "such groups as agricultural or consumer co-operatives and trade unions".

Under this system the Japanese economy can hardly be expected to recover to a point where it can close the gap between demand and supply, the widening of which is the chief cause of spiraling inflation in Japan as elsewhere. Nor can Japan develop export trade which alone would enable her to import foodstuffs vital to the subsistence of her masses. Japan, even under her none too high living standard, consumes twenty million tons of food per annum; can produce only 17 million tons.

Under the sterner law of existence, the law for the destruction of so-called "concentration of economic power" will be allowed to go by default, or in due time will be openly discarded. It cannot work.

One would think that Japanese Communists might welcome this law, which Senator Knowland says savors of "a proposal of the Kremlin". On the contrary, they see in it American capitalistic conspiracy. They suspect that "Wall Street" and American "big business" inspired FEC-230 in the hope that this might give them an opportunity to buy up dismembered, crippled Japanese industries on the bargain counter and thus tighten a stranglehold upon the Japanese economy.

As if giving substance to this Red suspicion, S. H. Scheibla, a Washington correspondent of the Wall Street Journal, wrote sometime ago: "Federal officials believe that selling Zaibatsu plants at sacrifice prices might attract American investors." Did Mr. Scheibla unwittingly let the cat out of the bag?

IV

On May 8, 1947, Mr. Dean Acheson, then Under Secretary of State, declared in a speech that, in the absence of Four Power agreement, the United States must proceed on a unilateral basis for the "reconstruction of those two great workshops of Europe and Asia -- Germany and Japan -- upon which the ultimate recovery of the two continents so

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largely depends." Secretary of State Marshall has also said that "we cannot ignore the factor of time involved here" and that "the patient is sinking while the doctors deliberate".

In the case of Germany there are factors which render it impracticable to conclude peace without Russia. But Japan's case is entirely different. The country is not divided into alien controlled zones. It is under a nominally Allied but practically American control. It has an orderly and democratized government, and both the Government and the people are eager for peace. America willing, there is nothing to prevent the early convening of a peace conference.

True, Russia is as usual pettifogging. Moscow insists that the problem should first be discussed among the Big Four -- America, Russia, Britain and China -- under the rule of unanimity, instead of by all the eleven nations concerned under a majority rule as proposed by Washington. The Soviet objective is clearly to block peace talks through the usual use of veto power. But America and her associates can ignore Russia and make peace with Japan without fear of serious consequences. For in Japan Moscow has no Red Army nor secret police, as in Germany.

Burton Crane, Tokyo correspondent of the New York Times, last November stated that "Japan's recovery is likely to be surprisingly quick after the peace treaty takes the Occupation troops and the occupation economic controls off Japan's neck". Further:

> "Allied forces are using 20 per cent of the Japanese steel production, 38 per cent of the pig iron, 80 per cent of the cast iron pipe, 55 per cent of the cement, 30 per cent of the electrical wiring and 16 per cent of the sheet glass. . . . If the Japanese were permitted to charter ships and man them with Japanese crews, the shipping bill no longer would be chargeable against the dollar account and the present deficit of approximately $200,000,000 annually would be virtually eliminated."

These factors Mr. Crane thinks are "a definite drag on Japan's economy". Certainly they help widen the inflationary gap, at a time when Japan's production capacity is so drastically reduced.

While America still enjoys great popularity in Japan, Washington should take definite steps towards peace. In Germany anti-Occupation feeling is already coming to a head, with such influential leaders as Rev. Martin Niemoeller openly telling their fellow countrymen to sabotage the de-Nazification law in the American zone.

No such developments should be encouraged in Japan. And the way to forestall them is to make peace there without further delay.

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Not Merely Gossip *A Supplement to* Human Events VOL. V, NO. 7

By Frank C. Hanighen February 18, 1948

The surprising victory of the Wallace candidate in the Bronx by-election on February 17 lights up the disintegration of the "Grand Coalition" which kept Roosevelt in power for so many years. To the traditional alliance of Southerners and northern urban machines, Roosevelt added the "liberals" and "laborites" -- dubbed the "lib-labs"; all held together by Rooseveltian maneuvering. And the successful marshalling of these elements behind a daring foreign policy was no little factor in the successes of those years.

But Truman has failed to show leadership adequate to maintain the coalition. At a moment when the Southerners were storming at Presidential backing of the civil rights bill, Boss Flynn's machine had not enough vitality to deliver the vote in the Bronx. The Communist machine, so often a potent backer of Roosevelt, rode herd on the lib-labs, who ignored appeals from the old Rooseveltian Labor hierarchy.

Finally, those who claimed the President's foreign policy would "buy" a majority of votes tripped badly by overlooking the racial angle. Woodrow Wilson fell victim to minorities (in 1920, the Irish and Germans) whose hopes he disappointed. Today, the rebellion of Jewish voters, angry because of the embargo on arms to Palestine, is considered the principal factor in the Bronx outcome. The lesson of this Democratic defeat is that it was brought about by the followers of Henry Wallace; long a symbol of the former victorious coalition of the Flynns and the lib-labs.

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The Government is anxiously grappling with the Palestine problem, indeed, with more urgency than appears on the surface. The United States delegation to the UN last week reportedly received orders from Washington to delay the consideration of the Palestine issue in the UN Security Council. The purpose of such a delay was said to be the necessity of permitting "top level" in the Government to explore all aspects of the situation. The President has been meeting with his military and foreign policy advisers; and it is believed that a split has developed in this group. Secretary of Defense Forrestal, long dubious of the policy of partition, reportedly is at odds with Secretary Marshall on means of dealing with the situation.

Another reason for a delay in putting the matter before the Council is thought to spring from expectations as to what Russia will do. Government sources say positive information has been received that Russia will propose the formation of a joint Russo-American force to be sent to Palestine. The implications of the dispatch of such a force are not calculated to lessen Washington worries. In any case, should Russia advance this proposal, the U.S. would be forced to take a stand.

However, even such a "smoking-out" would not insure a prompt and clear-cut solution of the present dilemma. It is noted that both the President and Secretary Marshall have emphasized -- as their answer to queries on the subject -- that the United States will stand behind UN. The answer is regarded as equivocal. For, reference to the text of the Charter reveals two almost forgotten facts.

(1) Before military force is sent to Palestine, the UN Security Council must consider economic sanctions, in this case against the Arab States. A proposal to block export of oil from Arabia to Europe can hardly be entertained seriously in the present international petroleum situation. The sanctions provision, indeed, might well be finessed; but there may be time-wasting delays.

(2) Chapter V, Article 27, Section 3 of the Charter requires that all of the permanent Members would have to vote affirmatively to obtain an authorization of the dispatch of an international force. It is believed that, unless great pressure

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were put on Britain, London would abstain from voting, as has been its policy so far in this matter. Nor is it certain that China would vote. In any case, it is probable that the Council would waste at least a month, perhaps more, in debate.

That much time can hardly be spared. The arming of Arabs and their infiltration into Palestine has increased. Observers find that Arab strength has been as greatly underestimated as was the factor of Arab resistance to partition. The Agency has reportedly asked the State Department to allow export of tanks and artillery to the Zionists in Palestine; and this is one of the important items on the President's agenda. But possibly the biggest question on that agenda is one the President will have to ask himself and for which he must provide the answer: Can the Palestine decision be made without reference to the domestic political situation in the United States?

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Plummeting grain prices last week stirred fears about general business prospects. The descent, it is true, has been of a record-breaking nature. But financial observers are not ready to agree that the grain crash will have broad deflationary effects on the economy at large. It is particularly stressed that while public attention has been monopolized by the grain market, little note has been taken of certain other commodity markets. The prices of industrial commodities -- such as copper, lead, zinc, steel scrap, etc. -- have hardly budged. These markets, in periods of crisis, are usually scanned for indications of changes in the general industrial picture. So far, they offer reassurance. But they will be watched closely for some weeks to come, before conclusions are definitely drawn.

The peak in grain prices has undoubtedly been passed. If there are further declines, they would be cushioned by the following factors: (1) a short supply of livestock and dairy products as compared with the current high level of national income; and (2) high parity prices and government support close to those prices. Finally for such as fear another 1920 situation, it is pointed out that the farmers are financially in much better condition than they were in the post-World War I era.

Financial observers continue to explore the situation warily. They find indications at present reassuring. But they realize that much of consumer purchasing is "postponable", that people may put off buying autos, homes, luxuries, etc. It is not considered impossible that a psychological wave of non-buying could start among the masses, with deflationary consequences. Accordingly, the mood among observers, while far from panicky, remains vigilant.

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Notes on ERP. Economists are urging an amendment to the European Recovery Program which might save the U.S. as much as $2 billion. The amendment is based on the assumption that ERP funds will stimulate and improve trade between most of the 16 European recipients and South American nations, particularly Argentina and Brazil. It is argued that such nations will benefit very heavily; ergo, they should help lighten the burden on the United States. It is therefore proposed that the European Recovery Program be made a sort of co-operative Western Hemisphere undertaking, with obligations assigned to Latin American nations who would profit. Specifically, it is urged that such countries as Argentina and Brazil should grant credits and easy terms to the European countries with which they will presumably conclude trade agreements.

There is increasing talk about the selection of an Administrator for ERP -- the other "secretary of state", as Secretary Marshall wryly put it. It is believed that Ambassador Lewis Douglas, one of the first to be mentioned in this connection, has lost much ground, particularly with Members of Congress. Nor is former Assis-

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tant Secretary of State Clayton as well considered as previously, although his name has been put into circulation by various Washington columnists. A new candidate has been mentioned recently -- Mr. Ferdinand Eberstadt, New York investment banker, Vice-Chairman of the War Production Board in 1942-43. Mr. Eberstadt was once associated with Dillon, Reed and Company, the alma mater of Secretary of Defense Forrestal.

Sharp criticism is heard of the proposal to grant substantial sums under ERP to Eire and Portugal. Both these countries are preponderantly agricultural and do not seem to qualify for assistance. Furthermore, they are both in good financial condition and might conceivably obtain private loans, if their governments so wish.

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Last week, this column reported that the U.S. Government possesses German documents relating to separate peace parleys with Russia in 1943, and that these papers would provide good ammunition against Soviet Russia today in the "war of documents". This week, Moscow released data purporting to show that the United States discussed a separate peace with German agents in 1943. The truth is that the quotations from the documents in the dispatches from Moscow do not support the charge, nor does what is known of the matter in official Washington confirm the fantastic accusation.

The Moscow story claims that Mr. Allen Dulles carried on the negotiations. Mr. Dulles was an OSS official in Switzerland during the war (his book Germany's Underground, was mentioned in this column on April 16, 1947). Far from trying to deal with the Hitler Government, Dulles was actually toiling to get dissident elements in the Reich to overthrow Hitler. If the State Department is inclined to debate the matter with Moscow, it enjoys quite an arsenal of information. Much is known in official circles in Washington about the Russo-German parleys which were held in Sweden, just outside Stockholm, in the year 1943.

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The "Now It Can Be Told" era is well along by this time. Historians are at work chipping away the marble bases of the great myths which served at the time to inspire troops and civil populations. As this column reported (January 28, 1948), this task has been commenced on "the Miracle of Dunkirk". A former U.S. Intelligence officer in a recent lecture claimed that Hitler deliberately throttled down the German push towards Dunkirk.

We have obtained supporting evidence for this version in a copy of a British intelligence report, dated October 8, 1945, entitled "A Preliminary Study in Broad Outline of Germany's War Effort". On page 9 of the report, it is said: "The speed and decisive success of the campaign in the West took the (German) General Staff completely by surprise. By the 26th of May the Germans were already within 12 miles of Dunkirk. There a strange incident occurred. The Allied evacuation, which was to continue until the 4th of June, had just begun when Hitler personally called his armoured divisions to a halt. Despite the vigorous protests of his army commanders, he remained adamant. The reason for this sudden decision is still obscure. . . . If the German commanders had had their way, the story of Dunkirk might have been different."

And from page 46 of the intelligence report: "German armour was within 12 miles of Dunkirk. Then Hitler intervened decisively, forbidding the further advance of the armoured divisions. . . . The 'miracle of Dunkirk' was assisted by a strange agent." It is noteworthy that the British writer enclosed the famous talisman in quotations marks.

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Book Events

The Meaning of Human History, by Morris R. Cohen. LaSalle, Illinois: The Open Court Publishing Company, $4.00. Reviewed by J. M. Lalley.

This volume contains a series of lectures prepared by Professor Cohen a short time before his death, and given under the aegis of the American Philosophical Association. I think it may be considered his most important work, or at any rate the means of extending the influence of his thought into wider fields. Its great value lies in his elucidation of the problems which attend the interpretation of history and in his critical examination of various historical philosophies.

Professor Cohen's own philosophy of history might, I think, be described as a kind of relativist-realism. That is to say, the meaning of history is to be deduced from the relationships of historical facts, but these relationships are much too complex to be contained within any one general concept, such as providence or progress or dialectical materialism or "dynamic sociology". All the same, the relationships are limited by the field of reference, and it is wrong to say that one historical fact is as relevant as another. Thus, to take one of Professor Cohen's examples, Napoleon's escape from Elba had more to do with his subsequent banishment to St. Helena than the fact of his Corsican birth. To any given event, then, certain facts are more relevant than others, and this order of relationships is quite objective and independent of the emotional or intellectual predispositions of the historian. Thus there is, or should be, general agreement about which facts are important. But disagreements about the meaning of the facts, arising from subjective differences among historians, are not only possible but inevitable. The writing of history cannot be completely impartial or, as they say, "scientific", but the degree of partiality should diminish as the events recede in time.

This order of relationships existing among historical events is analogous to relationships in logic, but not identical with them, since history belongs to the world of time. Besides, the facts of history are not merely temporal but also social; "man not only moves in space, he sows or reaps, he votes, he worships. Or A marries B." Abstractions are necessary to the interpretation of history but they differ in this way from the abstractions of pure logic. Thus, Professor Cohen disposes of the Hegelian concept of history as the unfolding of the Absolute, and incidentally of Marxism, wherein the class struggle is substituted for the Hegelian metaphysics and the Classless Society for the Absolute, or God. The principles of physical science are invalid, because history belongs to the organic order. Biological principles as applied by Gobineau, Spencer, Spengler and others are inadequate, since the direction of history is influenced by thought as well as by physiology. It is not demonstrable, for example, that the experience of peoples or nations is comparable to the life cycle of an individual, nor that vitality diminishes with civilization. Nor are geographic circumstances necessarily decisive, since history itself testifies to the power of men to modify their environment. It is rather in the inter-action of man and his geographic, economic and

To the problem of chance and determinism in history, Professor Cohen finds a social environments that "the basic elements of history are to be found". solution in "relative necessity". History has laws in the sense that certain things could not have happened and in the sense that both change and stability are constants. But such laws by no means eliminate contingency: that is, the operation of accident and choice. The historian, therefore, is obliged to examine not only what happened, but also what might have happened, and the true meaning of history emerges from the great historical "ifs". Thus, for example, with the great problem of evil: the ethical character of life is enhanced and refined by the recognition of it, and to this extent at least historical evil can be overcome by good.

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